

Date: January 13, 2011

To: Thomas J. Bonfield, City Manager
Through: Theodore L. Voorhees, Deputy City Manager
Mark D. Ahrendsen, Transportation Director
From: H. Wesley Parham, P.E., Assistant Transportation Director

Subject: NCDOT Supplemental Agreements for the I-85 Widening Project (I-0306 C and I-0306 DB)

Executive Summary

At the request of the City, the N. C. Department of Transportation (NCDOT) and the Durham-Chapel Hill-Carrboro MPO have agreed to reallocate federal funds to substantially reduce the City's final cost share for the I-85 widening project, specifically the Camden Ave. to Broad St. (I-0306 DB) and Broad St. to Cole Mill Rd. (I-0306 C) construction phases. These costs are associated with the project enhancement features requested by the City, including the betterment costs for brick noise walls, median planters, sidewalks, pedestrian trail, and stamped and colored concrete traffic islands. In order to reallocate the federal funds and reduce the City's cost, the City Council must authorize the City Manager to execute the attached Supplemental Agreements with the N. C. Department of Transportation. The revised agreements will reduce the City's current contractual obligation by \$432,035.20.

Recommendation

The City Department of Transportation recommends that the City Council authorize the City Manager to execute an NCDOT Supplemental Agreement for Project I-0306 C to reallocate STP-DA funds, reducing the City direct contribution to \$364,050.56; and to further authorize the City Manager to execute an NCDOT Supplemental Agreement for Project I-0306 DB to reallocate STP-DA funds, reducing the City direct contribution to \$508,491.04.

Background

The Municipal Agreements for the I-85 widening project, phases I-0306 DB and I-0306 C, made provisions for project enhancement features requested by the City of Durham. The enhancements included brick noise wall betterment costs, median planters, sidewalks, a pedestrian trail, and stamped and colored concrete traffic islands. When the agreements were prepared and executed in 2001 and 2003, the N. C. Department of Transportation estimated the total costs of the enhancements at \$4,098,740.00. As reflected in the agreements, the costs were to be covered with a combination of federal Surface Transportation Program Direct Apportionment (STP-DA) funds allocated by the Durham-Chapel Hill-Carrboro MPO (\$3,267,232.00), City funds (\$795,500), and State funds

(\$36,008). Any final costs exceeding the estimates were the financial responsibility of the City.

Issues and Analysis

After all project costs were settled with the contractor, NCDOT totaled the final actual cost of the enhancements at \$4,175,781.60, or \$77,041.60 (1.84%) over the agreement estimates. In April, May and June of 2010, the City received multiple invoices for its share of project costs. These totaled \$509,076.80 above the estimate. While the total enhancement costs exceeded the estimated amounts by \$77,041.60, there were substantial line item cost over-runs and under-runs for which the contract provisions did not allow reallocation of resulting surplus STP-DA funds. Consequently, the City was invoiced \$509,076.80 over its estimated cost while leaving \$432,035.20 in unexpended STP-DA funds.

Since all costs exceeding STP-DA and State line-item allocations were the responsibility of the City, the City Department of Transportation requested that the MPO reallocate the STP-DA funds allocated to the project to match final line-item costs. The purpose was to substantially reduce the City's financial obligation. On November 10, 2010, the MPO approved the City's request and the N. C. Department of Transportation subsequently prepared and forwarded the attached Supplemental Agreements. Execution of the agreements is necessary to make the changes effective and significantly reduce the final cost to the City.

Alternatives

- Authorize the City Manager to execute NCDOT Supplemental Agreements for projects I-0306 C and I-0306 DB to reduce the City's contract costs by \$432,035.20.
- Do not authorize the execution of the Supplemental Agreements. Under the terms of the existing Municipal Agreements, the City will remain contractually obligated to remit final payments as currently invoiced. This would reduce funds available for other Federal and State Match Capital Improvement Plan projects.

Financial Impact

The project costs are reflected in the City's Capital Improvement Plan's Federal and State Match Project. The recommended contract amendments require no allocation of additional funds, but will reduce the City's current contractual obligation by \$432,035.20. The savings will be applied toward the City's other Federal-State Match projects.

SDBE Summary

Due to the nature of this item, an SBDE summary was not prepared.

Attachments

Attachment A – Supplemental Agreement TIP# I-0306 C
Attachment B – Supplemental Agreement TIP# I-0306 DB